

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

Financial Report With
Supplementary Information

Year Ended March 31, 2006

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Buckeye	County Gladwin
Audit Date March 31, 2006	Opinion Date May 8, 2006	Date Accountant Report Submitted to State: May 8, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer and Co., P.C.		Zip 48707	

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

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INDEPENDENT AUDITOR'S REPORT

May 8, 2006

To the Township Board
Township of Buckeye
Gladwin County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Buckeye, Gladwin County, Michigan, as of March 31, 2006, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Buckeye, Gladwin County, Michigan, as of March 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2006.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

The Management's Discussion and Analysis report of the Township of Buckeye covers the Township's financial performance during the year ended March 31, 2006.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Overall total capital assets remained the same.

Overall revenues were \$239,198.95 from governmental activities with a \$9,446.15 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of the basic financial statements and required supplementary information.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide financial statements report information about the Township as a whole. The statement of net assets includes all the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

All of the activities of the Township are reported as governmental activities. These include the General Fund and Fire Fund.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant is highways and streets which incurred expenses of \$70,350.18.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 in principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report, please contact the Township at 1498 S. Hockaday Road, Gladwin, Michigan, 48624.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2006

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Investments	154 710 19
Taxes receivable	<u>22 689 79</u>
Total Current Assets	<u>177 399 98</u>
NON-CURRENT ASSETS:	
Capital Assets	27 957 00
Less: Accumulated Depreciation	<u>(17 391 19)</u>
Total Non-current Assets	<u>10 565 81</u>
TOTAL ASSETS	<u>187 965 79</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	10 565 81
Unrestricted	<u>177 399 98</u>
Total Net Assets	<u>187 965 79</u>
TOTAL LIABILITIES AND NET ASSETS	<u>187 965 79</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative		14 047 58	(14 047 58)
General government	52 717 53	1 800 00	(50 917 53)
Public safety	30 338 25	-	(30 338 25)
Public works	129 423 44	59 224 00	(70 199 44)
Other	<u>3 226 00</u>	<u>-</u>	<u>(3 226 00)</u>
Total Governmental Activities	<u><u>229 752 80</u></u>	<u><u>61 024 00</u></u>	<u><u>(168 728 80)</u></u>
General Revenues:			
Property taxes			53 795 30
Other taxes			402 38
State revenue sharing			94 428 77
Interest			2 803 91
Miscellaneous			<u>26 744 59</u>
Total General Revenues			<u>178 174 95</u>
Change in net assets			9 446 15
Net assets, beginning of year			<u>178 519 64</u>
Net Assets, End of Year			<u><u>187 965 79</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Total</u>
<u>Assets</u>			
Investments	154 531 41	-	154 531 41
Taxes receivable	17 935 31	4 754 48	22 689 79
Due from other funds	<u>4 933 26</u>	<u>-</u>	<u>4 933 26</u>
Total Assets	<u>177 399 98</u>	<u>4 754 48</u>	<u>182 154 46</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Due to other funds	<u>-</u>	<u>4 754 48</u>	<u>4 754 48</u>
Total liabilities	<u>-</u>	<u>4 754 48</u>	<u>4 754 48</u>
Fund balances:			
Unreserved:			
Undesignated	<u>177 399 98</u>	<u>-</u>	<u>177 399 98</u>
Total fund balances	<u>177 399 98</u>	<u>-</u>	<u>177 399 98</u>
Total Liabilities and Fund Balances	<u>177 399 98</u>	<u>4 754 48</u>	<u>182 154 46</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS

March 31, 2006

TOTAL FUND BALANCE – GOVERNMENTAL FUND 177 399 98

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	27 957 00
Accumulated depreciation	<u>(17 391 19)</u>

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES 187 965 79

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Total</u>
Revenues:			
Property taxes	24 133 00	29 662 30	53 795 30
Other taxes	402 38	-	402 38
State revenue sharing	94 428 77	-	94 428 77
Charges for services – cemetery	650 00	-	650 00
Hall rentals	1 150 00	-	1 150 00
Interest	2 803 91	-	2 803 91
Special assessments	59 224 00	-	59 224 00
Miscellaneous	26 744 59	-	26 744 59
Total revenues	<u>209 536 65</u>	<u>29 662 30</u>	<u>239 198 95</u>
Expenditures:			
Legislative:			
Township Board	14 047 58	-	14 047 58
General government:			
Supervisor	5 542 69	-	5 542 69
Elections	1 025 20	-	1 025 20
Assessor	12 113 18	-	12 113 18
Clerk	8 689 65	-	8 689 65
Board of Review	708 00	-	708 00
Treasurer	10 845 48	-	10 845 48
Township hall and grounds	7 943 56	-	7 943 56
Professional services	3 888 74	-	3 888 74
Cemetery	1 273 21	-	1 273 21
Unallocated	428 25	-	428 25
Public safety:			
Liquor law enforcement	675 95	-	675 95
Fire protection	-	29 662 30	29 662 30
Public works:			
Highways and streets	70 350 18	-	70 350 18
Drains	1 806 95	-	1 806 95
Sanitation	57 266 31	-	57 266 31
Other:			
Insurance	3 226 00	-	3 226 00

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Total</u>
Expenditures: (continued)			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>199 830 93</u>	<u>29 662 30</u>	<u>229 493 23</u>
Excess (deficiency) of revenues over expenditures	9 705 72	-	9 705 72
Fund balances, April 1	<u>167 694 26</u>	<u>-</u>	<u>167 694 26</u>
Fund Balances, March 31	<u>177 399 98</u>	<u>-</u>	<u>177 399 98</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2006

NET CHANGE IN FUND BALANCES- TOTAL GOVERNMENTAL FUNDS 9 705 72

Amounts reported for governmental activities in the Statement of Activities are
different because:

Governmental funds report capital outlays as expenditures; in the Statement
of Activities, these costs are allocated over their estimated useful lives as
depreciation

Depreciation Expense	(259 57)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 9 446 15

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 1- Summary of Significant Accounting Policies

The accounting policies of the Township of Buckeye, Gladwin County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or depended on the Township's executive or legislative branches.

The reporting entity is the Township of Buckeye. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont.)

purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments- Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

Receivables

Receivables have been recognized for all significant amounts due to a Township. Allowances for uncollectible accounts have been provided for all collections that are considered doubtful.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2005 tax roll millage rate was 1.7715 mills, and the taxable value was \$31,302,848.00

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or an estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	100 years
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TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$10,565.81.

Note 2 - Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 2- Budgets and Budgetary Accounting (continued)

2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks, commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 3 - Deposits and Investments (continued)

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>-</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	-
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>-</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
<u>Investment Type</u>				
Risk-Categorized:				
Operating Funds:				
Repurchase agreement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 3 - Deposits and Investments (continued)

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>157 127 38</u>
Total Investments				<u>157 127 38</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 4 - Capital Assets

Capital assets activity of the Township's Governmental and Business – Type activities for the current year were as follows:

	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/06</u>
<u>Governmental Activities</u>				
Land	2 000 00	-	-	2,000 00
Buildings	<u>25 957 00</u>	<u>-</u>	<u>-</u>	<u>25 957 00</u>
Total	27 957 00	-	-	27 957 00
Accumulated Depreciation	<u>(17 131 62)</u>	<u>(259 57)</u>	<u>-</u>	<u>(17 391 19)</u>
Net Governmental Capital Assets	<u>10 825 38</u>	<u>(259 57)</u>	<u>-</u>	<u>10 565 81</u>

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 5 - Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	4 754 48	Fire	4 754 48
General	<u>178 78</u>	Current Tax Collection	<u>178 78</u>
Total	<u>4 933 26</u>	Total	<u>4 933 26</u>

Note 6 - Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 - Pension Plan

The Township does not have a pension plan.

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 - Building Permits

The Township of Buckeye does not issue building permits. Building permits are issued by the County of Gladwin.

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 10 – Budget Variances

During the fiscal year ended March 31, 2006, Township expenditures exceeded budgeted amounts in several activities as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
General Fund:			
Activity:			
Unallocated	-	428 25	428 25
Insurance	3 000 00	3 226 00	226 00

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended March 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues:				
Property taxes	23 000 00	23 000 00	24 133 00	1 133 00
Other taxes	402 38	402 38	402 38	-
State revenue sharing	90 682 55	90 682 55	94 428 77	3 746 22
Charges for services	100 00	100 00	650 00	550 00
Hall rentals	2 800 00	2 800 00	1 150 00	(1 650 00)
Interest	500 00	500 00	2 803 91	2 303 91
Special Assessments	55 000 00	55 000 00	59 224 00	4 224 00
Miscellaneous	<u>16 050 00</u>	<u>16 050 00</u>	<u>26 744 59</u>	<u>10 694 59</u>
Total Revenues	<u>188 534 93</u>	<u>188 534 93</u>	<u>209 536 65</u>	<u>21 001 72</u>
Expenditures:				
Legislative:				
Township board	18 000 00	18 000 00	14 047 58	(3 952 42)
General Government:				
Supervisor	8 000 00	8 000 00	5 542 69	(2 457 31)
Elections	9 500 00	9 500 00	1 025 20	(8 474 80)
Assessor	13 000 00	13 000 00	12 113 18	(886 82)
Clerk	12 000 00	12 000 00	8 689 65	(3 310 35)
Board of Review	2 500 00	2 500 00	708 00	(1 792 00)
Treasurer	12 000 00	12 000 00	10 845 48	(1 154 52)
Township hall and grounds	13 500 00	13 500 00	7 943 56	(5 556 44)
Professional Services	6 000 00	6 000 00	3 888 74	(2 111 26)
Cemetery	2 000 00	2 000 00	1 273 21	(726 79)
Unallocated	-	-	428 25	428 25
Public Safety:				
Liquor law enforcement	682 55	682 55	675 95	(6 60)
Public Works:				
Highways and streets	135 592 74	135 592 74	70 350 18	(65 242 56)
Drains	4 000 00	4 000 00	1 806 95	(2 193 05)
Sanitation	58 000 00	58 000 00	57 266 31	(733 69)
Other				
Insurance	3 000 00	3 000 00	3 226 00	226 00
Contingency	-	-	-	-

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE- GENERAL FUND
Year Ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Over (Under)
Total expenditures	<u>297 775 29</u>	<u>297 775 29</u>	<u>199 830 93</u>	<u>(97 944 36)</u>
Excess (deficiency) of revenues over Expenditures	(109 240 36)	(109 240 36)	9 705 72	118 946 08
Fund balances, April 1	<u>109 240 36</u>	<u>109 240 36</u>	<u>167 694 26</u>	<u>58 453 90</u>
Fund Balances, March 31	<u>-</u>	<u>-</u>	<u>177 399 98</u>	<u>177 399 98</u>

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

BUDGETARY COMPARISON SCHEDULE- FIRE FUND
Year Ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Property taxes	<u>26 000 00</u>	<u>29 662 30</u>	<u>29 662 30</u>	<u>-</u>
Total Revenues	<u>26 000 00</u>	<u>29 662 30</u>	<u>29 662 30</u>	<u>-</u>
Expenditures:				
Fire Protection	<u>28 000 00</u>	<u>29 662 30</u>	<u>29 662 30</u>	<u>-</u>
Total Expenditures	<u>28 000 00</u>	<u>29 662 30</u>	<u>29 662 30</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(2 000 00)	-	-	-
Fund balances, April 1	<u>2 000 00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, March 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2006

Township Board:	
Wages	2 964 60
Payroll taxes	7 421 79
Printing and publishing	955 80
Miscellaneous	2 072 27
Membership and dues	633 12
	<u>14 047 58</u>
Supervisor:	
Wages	5 542 69
	<u>5 542 69</u>
Elections:	
Wages	880 00
Miscellaneous	145 20
	<u>1 025 20</u>
Assessor:	
Contracted services	11 666 37
Supplies	446 81
	<u>12 113 18</u>
Clerk:	
Wages	7 179 10
Wages – Deputy	500 00
Office supplies	930 55
Miscellaneous	80 00
	<u>8 689 65</u>
Board of Review:	
Wages	456 00
Printing and publishing	102 00
Education	150 00
	<u>708 00</u>
Treasurer:	
Wages	8 056 08
Wages – Deputy	500 00
Office supplies	2 089 40
Miscellaneous	200 00
	<u>10 845 48</u>
Township hall and grounds:	
Wages	2 456 00
Supplies	2 224 24
Utilities	1 691 53
Repairs and maintenance	858 07
Telephone	300 80
Mileage	412 92
	<u>7 943 56</u>

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2006

Professional services:	
Consultants	3 100 00
Legal	<u>788 74</u>
	3 888 74
Cemetery:	
Mowing	<u>1 273 21</u>
Unallocated:	
Miscellaneous	<u>428 25</u>
Liquor law enforcement – wages and supplies	<u>675 95</u>
Highways and streets:	
Repairs and maintenance	<u>70 350 18</u>
Drains	<u>1 806 95</u>
Sanitation – contracted services	<u>57 266 31</u>
Insurance	<u>3 226 00</u>
Total Expenditures	<u>199 830 93</u>

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2006

	<u>Balance</u> <u>4/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/06</u>
<u>Assets</u>				
Investments	17 94	893 708 42	891 130 39	2 595 97
Total Assets	<u>17 94</u>	<u>893 708 42</u>	<u>891 130 39</u>	<u>2 595 97</u>
<u>Liabilities</u>				
Due to other funds	17 94	100 842 65	100 681 81	178 78
Due to others	-	792 865 77	790 448 58	2 417 19
Total Liabilities	<u>17 94</u>	<u>893 708 42</u>	<u>891 130 39</u>	<u>2 595 97</u>

TOWNSHIP OF BUCKEYE
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2006

Cash in bank – beginning of year	<u>17 94</u>
Cash receipts:	
Current property tax	<u>893 708 36</u>
Total cash receipts	<u>893 708 42</u>
Total beginning balance and cash receipts	<u>893 726 36</u>
Cash disbursements:	
Township General Fund	75 778 23
Township Fire Fund	24 903 58
Gladwin County	418 673 22
Clare-Gladwin Intermediate School District	54 689 10
Beaverton Rural Schools	179 089 58
Gladwin Community Schools	99 603 94
Mid-Michigan Community College	32 815 41
Refunds	<u>5 577 33</u>
Total cash disbursements	<u>891 130 39</u>
Cash in Bank – End of Year	<u><u>2 595 97</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 8, 2006

To the Township Board
Township of Buckeye
Gladwin County, Michigan

We have audited the financial statements of the Township of Buckeye, for the year ended March 31, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Buckeye in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Buckeye
Gladwin County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Buckeye
Gladwin County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2006. The implementation date of this pronouncement for the Township of Buckeye began with the year ended March 31, 2006. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2006.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants